United States
Department of Agriculture

Foreign Agricultural Service

January 1987

Foreign Agriculture

California Products Star in Foreign Markets

Marketing News

Southern States Welcome Japanese Retailers

The **Japan Chain Stores Association** and the **Japan Export Trade Organization (JETRO)** sponsored a visit to New Orleans for the North American Food Products Import Mission last fall. The mission was made up of 17 members of Japan's retail supermarket industry. JETRO and the **Southern United States Trade Association (SUSTA)** jointly produced the program of activities for the mission's visit. Nine SUSTA states were represented by 27 company participants. Also included in the program were eight state marketing/ international trade directors. The group's visit was part of Japan's efforts to even its trade balance with the United States.

The program consisted of a seminar on exporting U.S. food products to Japan, a luncheon and a product sampling and evaluation program featuring SUSTA area exporters and their products. SUSTA reported that the team's members were impressed with the U.S. companies and the quality of their products, and the mission could lead to increased sales of U.S. food products to Japan.

Hofex 87 To Be Held In Hong Kong

U.S. exporters interested in the Hong Kong and Chinese hotel and catering market should consider attending the International Exhibition of Hotel and Catering Systems, Supplies, Equipment, Food and Drink (Hofex 87) in Ocean Terminal, Hong Kong, May 26-29, 1987.

The potential of the Hong Kong and Chinese catering market is growing. For example, Hong Kong, which currently has 21,000 hotel rooms with a 90-percent occupancy rate, is planning to build 10 major hotels at a cost of $2.56 billion over the next few years. In China, more than 100 hotels designed to accommodate overseas visitors are planned by 1987, most as joint ventures with foreign partners and foreign financing. These new hotels, plus another 200 on the drawing board, will rely largely on imported goods and expertise to provide standards acceptable to overseas tourists and business representatives.

Hofex 87 is organized by Hong Kong Exhibition Services. Information on participation at Hofex 87 may be obtained from Willis Collie, Processed Foods Division, FAS; Tel. (202) 447-6343.

U.S. Food Fair at Hong Kong Department Store

Participation of the **U.S. Agricultural Trade Office** in Hong Kong in an American food fair at Yaohan's Department Store in Shatin, New Territories, last year has led to increased interest and sales of many U.S. food products. U.S. beef, meats, poultry, eggs, french fries, apples, wines and beer, canned peaches, snack foods, beverages and juices, soups, fruits and vegetables and ice cream were among the products featured. Sales of U.S. foods during the promotion amounted to $141,025. Sales in the perishable foods category were reportedly up by 68 percent over the same period in 1985, while preserved foods, confectionery and wines were up 52.3 percent. One notable success was the chicken frank, for which sales during the promotion totaled 17,766 pounds. Yaohan's reported that consumer response to the U.S. food promotion was very positive and has expressed interest in introducing more new U.S. items into its store in the future.

USW Promotes Pasta in Costa Rica

A joint effort between **U.S. Wheat Associates (USW)** and the **Costa Rican Pasta Association** to promote the consumption of pasta products there recently got underway with the signing of an agreement aimed at stimulating consumer demand for pasta.

The campaign will include the generic promotion of pasta processed from 100-percent U.S. Durum wheat. Brochures, posters and recipes will be distributed in supermarkets and other high traffic areas. Media advertising will highlight the convenience and versatility of preparing pasta as well as its economical and nutritional advantages. Emphasis will be made on overcoming the common misconceptions that pasta is fattening and is low in nutritional elements.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

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California Products Star In Foreign Markets

By Jennifer M. Smith

Surfers, starlets and hot tub enthusiasts are what come to mind when you say "California" to a foreigner. But thanks to the ongoing and innovative export efforts of the state's commodity associations, foreign buyers also think of high quality, variety and food.

California has become the largest exporting state of agricultural products, shipping $2.7 billion worth overseas last year.

The state's success as an exporter can be attributed to the diversity of its crops, as well as its reliance on non-bulk, value-added export products.

Cooperators (trade associations representing grower and processor interests domestically and abroad) and private industry in California work hard at exporting the state's bounty overseas. Aided by the Foreign Agricultural Service (FAS) and its Targeted Export Assistance (TEA)[1] program, these groups have expanded their activities into markets that may not have been considered viable a few years ago. Here's just a small sample of the state's export efforts.

Citrus

Sunkist Growers, Inc. represents roughly 60 percent of the citrus growers in California and Arizona. Its member growers produce virtually year round, placing Sunkist in a good marketing position.

Exports comprised about one-third of Sunkist Growers' utilization of its members' crop. Sunkist Growers exported $224 million of citrus in the 1984-85 marketing year. Industry exports are estimated to have been $321 million.

Canada and the Pacific Rim are Sunkist Growers' biggest markets. The Pacific Rim has experienced record growth in recent years, particularly in Japan. Sunkist's main competitor in Europe is the Mediterranean basin; in the Pacific Rim the main focus is market development.

Promotional activities are concentrated in the Pacific Rim countries of Japan, Hong Kong, Singapore, Malaysia, Taiwan, Korea, New Zealand and Australia. This region purchases about 70 percent of U.S. fresh orange and lemon exports. Sunkist also sponsors some activities in Western Europe.

Consumer Preference Important

Sunkist Growers targets its marketing efforts at the consumer. Utilizing market research, it uncovers consumer attitudes toward imported citrus as well as purchasing patterns and consumption habits.

While Sunkist's marketing plan is aimed at the long term, it adapts to the short term as well. For example, in a market such as Japan, consumers prefer a large orange. If a particular year's crop is predominantly small fruit, marketing efforts will shift to the short term, concentrating on the promotion of small oranges.

Over the long term, Sunkist is concentrating on educating new consumers about citrus and developing a preference for Sunkist products. Although most foreign consumers are very familiar with citrus, consumers in some new markets are not aware of what to do with certain unfamiliar varieties.

In Korea, Sunkist's marketing people held cooking seminars and in-store demonstrations using lemons. Participants were shown the benefits of using lemons in preparing Korean drinks and dishes.

"An Orange a Day"

Hong Kong is a good market for U.S. oranges. Consumers there view oranges as a health food, believing "an orange a day keeps the doctor away." Sunkist's

[1]An export promotion program mandated by Section 1124 of the Food Security Act of 1985. See October 1986 issue of *Foreign Agriculture*.

goal is to ensure these consumers do get an orange a day and that it is stamped Sunkist.

Last year, California and Arizona citrus exports were given a boost from the USDA's TEA program. FAS reimbursed participating firms, including Sunkist Growers, for up to 75 percent of their cash outlays on approved promotional activities in eligible countries.

Sunkist used TEA money to increase sales of oranges to Hong Kong by 1 million cartons, valued at $9.4 million, while adjusting to recent dramatic changes in the retail distribution system of Hong Kong.

Funds from the TEA program provided consumer media advertising and promotional activities that increased sales. New television commercials, additional billboards and a hard-hitting strategy in radio advertising were utilized.

In addition, Sunkist hired a sales promotion manager and opened an office in Hong Kong. There are now over 600 supermarkets in Hong Kong compared to only a handful 10 years ago. The Sunkist Sales Promotion Office improved the responsiveness of Sunkist to both the trade and consumers in arranging promotions in these supermarkets.

Raisins

The California Raisin Advisory Board promotes raisins grown in California, an 80,000-ton-a-year export market. The Board began its cooperator program with FAS 30 years ago. Since that time, it has steadily increased its share of the world raisin market through marketing programs worldwide.

Greece's accession to the European Community (EC) in 1981 was a severe blow to California raisin exports. U.S. exports to the EC had been approximately 25,000 tons a year, but dropped to 12,000 tons within 18 months of Greece's accession.

FAS assisted the Board in obtaining $5 million from the Omnibus Reconciliation Act of 1982 to counteract unfair trade and fund its European program. The Board

received the funds for advertising and promotion activities in return for setting its price more competitively in Europe. It adjusted its price to within 10-15 percent of the European market price.

The bulk of allocated funds went to consumer advertising on television, radio and magazines. The Board's strategy was to promote California raisins as a generic product, stressing their natural benefits and high quality. The Board additionally promoted branded raisins, primarily Sunmaid, Bonner and Champion.

Raisin Quality Recognized

The success of this marketing strategy is still being felt today. European consumers now recognize California raisins as a high-quality product. Due to the success of primary brand promotion, the market is now receptive to secondary and private raisin labels. This especially has been the case in the United Kingdom in the last 12 months.

The United Kingdom has become the Board's star importer in Western Europe. The West European market imported 30,000 tons of raisins during the past year. The United Kingdom took 12,000 tons of that. Prior to the Board's market promotions, U.S. exports to the United Kingdom had slipped to only 2,000 tons.

Competition From Greece

Greece's accession to the EC affected raisin markets outside of Europe as well. The influx of Greek sultanas into the EC displaced exports from Turkey, South Africa, Australia and Mexico. These countries then turned their marketing efforts toward the Pacific Rim, primarily Korea and Taiwan.

The Board began concentrating its market promotion efforts more on the Pacific Rim, employing the same strategy it did in Europe. In Taiwan and Korea, the Board ran both branded and generic advertisements.

In 1985, these markets were only partially tapped. But TEA funds enabled the Board to execute its promotions and open the markets. Raisins were allocated $6.3 million in TEA money to expand raisin exports in 1986 to Western Europe and the Pacific Rim.

These two areas now import about 3,500 tons of raisins a year each. The regions each have the potential to be 10,000-ton-a-year markets.

TEA money also has enabled the Board to start an industrial user promotion in Europe. The industrial raisin user is familiar with cheaper Greek and Turkish sultanas, but needs to be aware of the higher quality of U.S. raisins. The Board wants to help change this.

Better for Baking

Research conducted on cooking with raisins has determined that California raisins hold up better than Greek and Turkish ones in baking. In addition, they improve the shelf life of baked products. The Board is promoting these positive aspects in the European baking industry with articles in industry journals and selective seminars for members of the industry.

In addition, the Board is using TEA money to appeal to marketing and sales functions by offering them funds to change their package labeling on products containing California raisins. This will enable firms using California raisins in their products to launch or relaunch products in new packages supported by TEA money.

The Board will use TEA funds to expand further its market in Japan this year. Japan is the largest export market for California raisins, importing nearly 30,000 tons a year.

Promotions will be targeted mainly at industry, with some devoted to the consumer. Raisins are still a specialty product in Japan. Per capita consumption is currently one-half pound per year. The Board will be placing more and more emphasis on the consumer.

Other Promising Markets

Hong Kong, Singapore, Malaysia, Philippines, Sri Lanka, New Zealand and Thailand are all markets showing promise for raisin exports. The Board is paying attention to these markets and will aim promotions there as they open up. Malaysia is one market that has shown signs of interest in raisins. The Board expects to increase market development efforts there.

Dairy Cattle

Though its name may conjure designer denims, Golden Genes, Inc. is actually a California-based, privately owned company that exports dairy cattle, frozen embryos and dairy management technology throughout the world. Since 1974, the company has provided livestock and services to clients in more thn 25 countries.

Golden Genes' success in its livestock export program has come through serving its clients needs. Golden Genes has buying agents established in every reigon of the United States. To date, over 20,000 head of dairy cattle have been exported around the world.

Golden Genes' representatives travel the globe to sell live cattle and embryos, contacting both government and private importers. The company has participated in FAS' GSM-102 and GSM-103 credit programs as well as the Export Enhancement Program.

Golden Genes is concentrating its exporting efforts on embryos. However, some countries do not have the manpower and resources to receive embryos. So Golden Genes sponsors training on handling embryos for foreign veterinarians and animal specialists, who then bring the technique back to their own countries. This training has been utilized for businesses in France and Brazil.

Golden Genes' primary market for its high-quality product is in Western Europe. This market demands a high-quality bull mother pedigree. While volume is low, quality and cost are high.

Less developed countries want lower priced, lower pedigree embryos at a higher volume. Countries with foreign currency problems are more likely to be attractive as markets for embryo sales as opposed to live animals.

In addition to Western Europe, Golden Genes also has markets in North Africa, the Middle East, the Pacific Rim and South America. Live animals comprise 90 percent of the company's sales; embryos, 10 percent. The company expects embryo sales to increase significantly, eventually reaching the level of live cattle sales.

Some $9 million in TEA money has been awarded to a consortium of feed grain, soybean and dairy cattle cooperators in the form of a 3-year program aimed at increasing U.S. feed grain, soybean meal and dairy cattle exports to Algeria.

The Holstein-Friesian Association is cooperating with FAS in the program and will be providing designs, specialized equipment, project management and technical support for a dairy farm structure. This program will provide significant benefits for exporters of U.S. dairy cattle, such as Golden Genes.

Cling Peaches

The California Cling Peach Advisory Board represents processors of cling peaches and fruit cocktail in their export efforts.

While initial efforts focused on Europe, the Board is no longer concentrating its efforts there, once a strong market. Production of fruit is now so extensive in these countries that they have become part of the competition in the Far East.

The Pacific Rim has become the target market for peaches and fruit cocktail, particularly Japan. Japan is a sophisticated market, therefore easier to reach. The Board markets to both the consumer and food service industry.

On the retail level, promotions feature brand identification in the form of California. But for institutional use, it is difficult to compete against countries like South Africa and Greece, whose products are less expensive and not brand-identified.

Last year, the Board utilized $2.2 million in TEA money to promote exports to Japan, sponsoring in-store displays that featured recipes and information for supermarkets that carried its peaches and fruit cocktail.

In addition, the Board ran five television commercials. These 30-second spots featured "California cooking." Supermarkets carrying the featured product were given the opportunity to tag their logo onto the last 8 seconds of the spot.

Focus on the Young

The Board has cooperated with Japan's school lunch program for the past 10 years. Yellow cling peaches rather than traditional white peaches, are served. As a result, Japanese school children have developed a preference for yellow peaches at an early age.

One approach the Board uses in its advertising is to tie in its product with others. For instance, the Board recently sponsored a "Western" promotion featuring Levi Strauss jeans and Borden ice cream. Most tie-ins are with the Japanese dairy industry, especially the Morinaga and Snow brands.

The main competition the United States faces for canned peaches and fruit cocktail in Japan has traditionally been South Africa and Australia. Since 1984, Greece has become a competitor for peaches and Greece and Italy are competitors for fruit cocktail.

Japan Is Promising Market

The Board is planning to expand use of its peaches in Japan. Japanese taste preferences are changing to peaches canned in light syrup or juice. Using TEA money, the Board is working with cooking schools to develop more uses for peaches.

One new product it is introducing in Japan is frozen peaches, primarily for baking. Frozen peaches are superior to canned ones. Their texture is better because they have not been precooked. The frozen peaches are also being mixed with local fruits for canning. U.S. competitors have not developed frozen peaches, so TEA funds are being well used to promote the product.

In 1987, the Board plans to continue promotions using TEA funds in Japan. Advertisements, in-store displays and demonstrations, cooking school classes and supermarket in-store bakery promotions featuring peach pies are all being planned.

TEA money is also being used in Saudi Arabia, where the competition is tougher because of its proximity to EC producers.

Almonds

The California Almond Growers Exchange has represented California almond growers for over 75 years, both at home and abroad. Industry exports were almost 344 million pounds in marketing year 1985/86, representing 60 percent of almond production. Almonds are the seventh largest food export in the United States and the largest food export in California.

Europe represents the largest export market for U.S. almonds. EC countries account for over 40 percent of U.S. almond sales. Europe has been a consumer of almonds for a long time, traditionally using them in the confectionery industry in marzipan. Product familiarity is not a problem, as consumers there are well aware of what almonds are and how to use them.

The Exchange's objective in Europe is 100-percent brand awareness of U.S. or California almonds. Utilizing TEA money, the Exchange will be promoting almonds throughout the EC in 1987. Market research has identified the European consumers' favorite snack almond flavors. Almonds for both cooking and snacking will be promoted at trade shows, in advertisements and at in-store displays.

Japanese Almond Market Is Booming

Japan has exploded as a wide-open market for exports of U.S. almonds. The Japanese almond market is valued at $42 million and is the second largest market for California almonds. Sixteen years ago, Japanese consumers barely knew what an almond was. Today the average Japanese consumer eats a quarter pound of almonds a year.

The Exchange's goal is to cultivate a heightened awareness of almonds among Japanese consumers as a high-quality, prestigious snack food and cooking ingredient.

The Exchange's first projects in the early 1970s included participation in food shows, where candy manufacturers were encouraged to use almonds in their products.

Later, the Exchange promoted almonds in the curriculum of some 700 of Japan's popular cooking schools. Thirty-two percent of the women in Japan participate in the schools, so many Japanese women soon were including almonds in their families' diets.

Japanese familiarity with almonds has continued to increase. Industrial food users, perceiving increased demand for almonds, have begun to develop novel almond products. In the past few years, over 100 new almond products have been introduced in Japan, including almond tofu and almond spaghetti.

FAS funding, including money from the TEA program, has enabled the Exchange to work on a large variety of promotions in the Japanese market. These include participation in trade fairs, festivals and the cooking schools, advertisements in print and broadcast media, point-of-sale promotion and distribution.

Korea is projected to become as prominent an almond market as Japan. Promotional activities in this emerging market feature consumer sampling, in-store demonstrations, merchandising and advertising.

Relaxation of trade barriers as well as increased promotional efforts made it possible for Korean imports of U.S. almonds to increase by over 40 percent within a year after the elimination of a severe licensing restriction in July 1985.

The TEA program is benefiting the U.S. almond industry through reimbursement to participating firms for up to 50 percent of their cash outlays on approved promotional activities in eligible countries during the 1986-87 marketing year. Countries targeted by the program are in Western Europe, Japan and Korea. ■

The author is with the Information Division, FAS. Tel. (202) 382-0041.

Dairy Herd Buyout Program Helps U.S. Sales to Colombia

By Hector Sarmiento

The U.S. dairy buyout program could not have been more timely in terms of opening up markets for U.S. cattle in Colombia.

During most of 1984 and 1985, Colombia banned cattle imports in an attempt to save foreign exchange. That prohibition was lifted in 1986, and through August of last year, import permits were approved for more than 2,300 head of dairy cattle. U.S. sales accounted for 1,800 head—78 percent of the total.

For the entire year, Colombia's dairy cattle imports were expected to total about 3,800 head, with 3,000 from the United States. Costa Rica is the main U.S. competitor in the Colombian market.

Colombia has a long history of dairy development. The Holstein and Brown Swiss Associations have both been active in the country for over 40 years. Recently, a Jersey Association was formed.

Holsteins Are Most Popular Breed

Holstein is the most popular dairy breed, followed by Brown Swiss which is also used in crosses with the Brahman breed in the tropical areas. The Normandy breed also is used for dairy purposes, especially in the small farms of the cold highlands. Recently, interest has been shown in the Jersey breed due to its adaptability to different climates and altitudes.

About 10 percent of the dairy cattle are purebred. The rest are crossbreeds, which include European, Brahman and native breeds. The latter are descendants of the early cattle brought to Colombia by Spanish conquerors and settlers in the sixteenth century.

Generally, dairy production in Colombia is located in the areas close to the cities of Bogota, Medellin, Cali, Popayan and Pasto. Management in these areas is rather progressive and many of the farmers already have top-quality cattle.

Dual-purpose animals are used in the Caribbean coast region, where Brahmans are crossed mainly with Brown Swiss cattle. This region produces about one-third of all the country's milk.

Milk Production Rising

Colombia dropped its price controls on milk in 1979, and this has spurred an increase in milk production. During 1986, dairy production was expected to rise by 6 percent. Colombia had 1.8 million dairy cows and their average milk production was estimated at 1,876 liters (4,136 pounds) per year.

The country's 27.3 million people were expected to consume 3 million metric tons of milk—or 110 liters (242 pounds) per capita in 1986. Fluid use comprises slightly over half the total, and the remaining 47 percent is converted into other products, mainly cheese.

Currently, about two-thirds of the fluid milk is pasteurized, up from only two-fifths in 1980. The pasteurization of milk in Colombia began in the 1950s and there are now 46 plants. However, even today, about one-third of fluid milk consumption is sold raw. The government has attemped to stop these sales but has been hampered by the consumers who dislike the taste of pasteurized milk.

Commercial milk production is sold in plastic bags or plastic-coated cartons.

Cooperatives Gain Ground

In Colombia, 85 percent of the milk is sold at the farm and goes directly to processing plants or consumers. The farmer receives between one-half to two-thirds of the price paid by the consumer.

As a result, during the past few years farmers have been forming marketing groups or cooperatives. These types of organizations are growing fast, and in 1985, three of the four largest milk processors in the country were cooperatives. ■

The author is an agricultural specialist on the staff of the U.S. agricultural attache, Bogota.

Changes in Greek Breadmaking May Spur Wheat Imports

By Miles Lambert

Efforts by the Greek government to modernize milling and baking industries, coupled with a shift from soft wheat to cotton and sunflowerseed production, could turn Greece from a net exporter of wheat to a net importer.

Although France—the chief supplier of soft wheat to Greece—would benefit the most, the trend could also mean a boost in sales of high-quality U.S. wheat for special baking purposes.

During the years following World War II, Greece relied on imports to assure sufficient supplies of soft wheat to meet domestic demand for bread. By the mid-1970's, however, the introduction of high-yielding varieties of wheat enabled Greece to produce for export.

Greek consumers are also eating less bread and more protein foods. As a result, even more soft wheat is available for export (400,000 metric tons in 1984) than in earlier years.

Bread Is Leading Type

Most bread in Greece is of "standard" type—white bread that is mass produced in modernized bakeries.

For number of years, the Greek government has attempted to keep bread prices low for working class consumers in urban areas by establishing ceilings on retail prices for standard bread.

However, many consumers, who have moved to urban areas from a rural environment, prefer specialty breads made of lower extraction flour. Since the retail prices for these items was not controlled until 1982, small-scale bakers found these breads were more profitable to produce.

The situation in breadmaking is mirrored in the wheat milling sector. Between 10 and 20 percent of wheat milling in Greece is carried out by small-scale millers who have managed to remain solvent by supplying flour to the bakeries producing specialty breads.

Milling Industry Streamlined

Since Greece's accession to the European Community (EC) in 1981, Greek policymakers have attempted to overhaul lagging sectors of the economy, in order to compete with the efficiency of other EC producers.

The Greek wheat milling industry, in particular, risks falling behind on export markets—mostly in the Middle East and North Africa—where it has been selling flour and durum semolina since the late 1970s.

In order to urge inefficient mills out of operation and to increase utilization in more competitive mills, the Greek government offered bonus payments for wheat delivered to the government grain intervention agency, which generally supplies the modern mills.

However, government reluctance to inhibit the production of specialty breads hindered the intended effect on small mills.

In 1982, the Greek government announced higher wheat prices in line with EC price decisions for the year, which increased the cost of flour. Retail prices for the standard bread, however, were raised by a lesser rate, thereby squeezing bakeries generally. At the same time, price ceilings were introduced for specialty breads, the mainstay of small-scale bakeries in particular.

Rules Affect Breadmaking Methods

The following year, new regulations were introduced that tightened the uniformity in Greek breadmaking—to the disadvantage of small bakeries and their suppliers.

Notably, standard bread, which was already predominant in commercial production, would be made from 70-percent extraction rate flour, instead of 76-percent type.

The switch benefited Greek millers by compensating them for the higher moisture content of EC wheat for which they were charged, while also bringing the Greek standard bread into closer conformity with baking practices elsewhere in the EC.

In addition to the regulations for standard bread, bakeries were constrained to produce only "black bread," made of 90-percent flour, and "village bread," a half-and-half mix of 70-percent extraction rate flour and durum flour.

A Ban on Whole-Wheat Flour

On July 11, 1986, the Ministry of Trade took another measure which will further affect small bakeries and mills.

Because of the likely significant levels of radiation in the outer portion of Greek wheat kernels resulting from the Chernobyl nuclear plant incident, the use of either 90-percent flour or 100-percent (whole-ground) flour is prohibited if derived primarily from 1986 crop Greek wheat.

The order effectively bans production of the whole-wheat flour necessary in the specialty breadmaking of small bakeries.

An exemption applies if at least 50 percent of the wheat is from previous harvest, but the current low stocks and low quality of Greek wheat will minimize use of the exemption.

As compensation, the Association of Breadmakers of Greece has petitioned the Ministry to free bread prices, but no action has been taken. The order may be rescinded, however, when monitoring of radiation levels indicates that it would be warranted.

Soft Wheat Demand Likely To Grow

For the long term, as the Greek government pursues the modernization of milling and baking, more and better wheat will be required. Yet, much of Greece's best irrigated land has been shifted from soft wheat to cotton and sunflowerseed production, in response to EC prices.

Other Greek wheat farmers have shifted from soft wheat to durum for the same reason. Since joining the EC, Greek area planted in soft wheat has declined by two-fifths, and is expected to continue downward, although at a slower pace.

In the wake of two consecutive years of reduced production and quality of soft wheat in Greece, imports could increase by several hundred thousand tons in 1987 to fill the demand for flour and bread of 70-percent type as well as flour of 55-percent type, authorized for so-called "luxury" breads.

France Is Major Supplier

In the past, France has supplied virtually all of the imported soft wheat, which amounted to over 400,000 tons in 1984/85.

Given the trade preferences enjoyed by French wheat under the EC tariff system, the United States is unlikely to gain a major share of the Greek market.

However, under updated milling and baking conditions, Greece could be cultivated as another EC market for high-quality U.S. wheat used for special baking purposes. Another possible market for U.S. exporters would be the third-country markets of the eastern Mediterranean previously supplied by Greece. ■

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Fact File

USDA's Technical Office

U.S. exporters selling U.S. agricultural products overseas must comply with a multitude of health and quality standards required by importing countries. Help in surmounting these thorny problems is available from the U.S. Department of Agriculture's Technical Office, a cooperative effort between the Foreign Agricutlural Service (FAS) and the Agricultural Research Service (ARS).

The Technical Office alerts U.S. exporters about proposed changes in the health, quality and packaging standards of foreign governments through publications, electronic information and contacts with major U.S. agricultural trade associations. This gives U.S. exporters a chance to comment when a standard proposed by a foreign government is seen as a potential barrier to trade. Comments provided before changes are adopted may influence foreign governments to consider making adjustments in the standards before putting them in place.

Helping Exporters Hurdle Technical Trade Barriers

One of the codes implemented in the Trade Agreements Act of 1979 was the Agreement on Technical Barriers to Trade, the so-called Standards Code. The overall goal of the Standards Code is to minimize technical trade barriers among the 38 signatory countries involving quality and health standards for food, plants and animals.

The Code provides two principal means to this end: information exchange and dispute settlement. Help is available to U.S. exporters in both of these areas through the Technical Office.

Obligations Under the Code

The Standards Code obligates the United States to notify all other signatories of any proposed mandatory Federal standards for agricultural products having potential trade significance. The Code also encourages notification of proposed voluntary standards for agricultural products.

USDA's Technical Office is available to assist other proposing groups—either from Federal agencies or from other organizations, such as state departments of agriculture, farm organizations or trade associations—with these notifications. Groups interested in being contacted directly about notifications of changes to proposed standards should write to: USDA Technical Office, Building 1072, BARC-East, Beltsville, MD 20705. Tel. (301) 344-2651.

A Chance To Comment

Under the Standards Code, the United States and other signatory governments have a chance to comment on all mandatory product standards and related tests or certification systems before they are put into effect by another signatory country.

Proposals for new standards—or changes to old ones—are transmitted to member countries through the Secretariat of the General Agreement on Tariffs and Trade in Geneva, Switzerland. Sufficient time for international comment is allowed before the proposing country puts these changes into effect.

How the Technical Office Can Help

All standards notifications relating to farm products are referred to the USDA Technical Office. The office also receives information on proposed standards of non-signatory countries through FAS personnel located in U.S. embassies throughout the world.

Standards information and notifications from all sources are publised in *Export Briefs,* a weekly FAS newsletter. A subscription costs $75 a year. Interested persons should write to: Foreign Agricultural Service, AIMS, Room 4649-S, U.S. Department of Agriculture, Washington, D.C. 20250. Tel. (202) 447-7103.

The Technical Office also releases standards information electronically through the Department's Electronic Dissemination of Information (EDI) system. For information contact: Office of Information, Room 536-A, U.S. Department of Agriculture, Washington, D.C. 20250. Tel. (202) 447-5505.

Information Resource and Clearinghouse

While the notification process can help prevent problems with proposed standards, difficulties with existing ones usually can be avoided by providing better information on current requirements in different countries.

U.S. exporters may obtain information on existing foreign standards and their testing and certification systems through the Technical Office. This office keeps extensive, up-to-date files of foreign regulations, with particular emphasis on approved food additives, currently registered pesticides and tolerance levels, and international bodies dealing with these areas. In addition, the Technical Office maintains close contact with the global FAS attache network and with government and industry contacts in foreign countries.

Also, the scientific staff of ARS respond to the Technical Office on questions dealing with agricultural production and pest control technology, and problems relating to food processing, preservation, postharvest treatment of crops, storage and transport.

U.S. exporters should address questions relating to these areas to: USDA Technical Office, Building 1072, BARC-East, Beltsville, MD 20705. Tel. (301) 344-2651 or 344-2846; FAX telephone (301) 344-4335. For more information, contact the Director of the Technical Office at (301) 344-2846.

What Happens When Disputes Arise?

If a standard that appears to be a barrier to the world agricultural trade is put into effect, the Standards Code encourages the country involved to solve the problem informally. The Technical Office works closely with FAS agricultural counselors and attaches overseas to help settle these disputes through informal meetings with the appropriate authorities of the country affected.

However, if this fails, the next step usually is bilateral consultations on the standards. All U.S. negotiations are conducted through the Office of the U.S. Trade Representative, working with the Technical Office, FAS overseas personnel and other affected U.S. agencies. Should these efforts fail, the Standards Code provides for the resolution of allegations of code violations by an international forum of technical and/or trade policy experts.

Other Technical Assistance Available

The Technical Office maintains close liaison with all government regulatory agencies on problems or concerns related to food additives, pesticides, food contaminants and certification programs, and it can put exporters in touch with specialists in these agencies on specific problems or concerns.

America's Traveling Pigs Make Safe Landing in Singapore

By Peter O. Kurz

U.S. livestock breeders who want to obtain export orders, but are held back by concern over the possible harmful effect on their stock caused by long-distance travel, need worry no longer. A recent shipment of 687 U.S. hogs halfway around the world to Singapore proved that it is possible to ship animals over long distances and land them safely if you are mindful of a few essentials.

"Good planning is the secret to successful animal movement," according to the man who coordinated the shipment of the hogs, Dr. Siew Teck Woh.

Siew is the chief executive officer of UIC-Culindo Livestock Private Ltd.—a new venture between Singaporean and Indonesian business interests which plans to begin supplying the Singapore market with fresh pork early this year.

Singapore's government has directed a phase-out of pig farming on the island, due to problems with waste disposal and lack of water and space. This action prompted several farming interests to relocate to neighboring countries and others, like UIC-Culindo, to start operations nearby. UIC-Culindo chose the Indonesian island of Pulau Bulan as a suitable site.

Demand Is Rising

Currently, Singaporeans consume about 1.1 million animals per year, with demand continually rising. UIC-Culindo's goal is to fill about 10 percent of that demand.

Siew opted to import U.S. hogs because the United States had fewer health problems and because he could get all the animals he wanted—Landrace and large whites—from a single supplier. He implied praise of U.S. seedstock animals when he said, "To end up with the best, you must start with the best."

For this shipment, all the pigs were purchased from a single source in Kentucky and were transported in light metal cages, three tiers high, with solid wooden floors to enable crane operations to be carried out when hoisting and lowering were required.

The animals were transported by road to Chicago, and then flown to Anchorage, where they had a short break. The next stop was Tokyo, where adverse circumstances necessitated a break longer than scheduled (and seven animals died as a result of a breakdown in air-control equipment).

After that, the animals were flown directly to Singapore. From the airport they were transported across the island by road to the wharves, where they were loaded onto a barge and ferried the 22-mile sea distance to Pulau Bulan. All in all, the journey covered almost 15,000 miles and lasted for 65 hours.

Forerunners of Seedstock Needs

The 680 survivors of this record-breaking flight are only the forerunners of the total seedstock required, for before April 1, 1987, Siew plans to bring in another three consignments of hogs, totaling 2,000 head.

This was not the first time that Siew had directed the long-distance movement of a large number of hogs. In 1982, Siew arranged for the transport of 2,500 pigs from Chicago as seedstock for another newly formed Singapore farm venture.

That shipment established a record for transporting the largest number of pigs ever moved by air at one time, over the longest distance. The pigs were transported by road to Chicago from a scattered number of midwestern farms.

With this shipment, Siew broke his own record for distance traveled, if not for number of hogs transported, by repeating the performance with 687 U.S. hogs, but adding a few more miles and a sea journey to the trip. ■

The author is the U.S. agricultural trade officer in Singapore.

Mexico Offers Excellent Opportunities For U.S. Breeding Cattle

By David Young

Mexico, the largest market for U.S. breeding stock, continues to offer excellent opportunities for U.S. exports of dairy and beef cattle.

U.S. exports of breeding cattle reached an all-time high of $72.2 million in calendar year 1985, as Mexico imported large numbers of breeding cattle, mostly from the United States, in order to improve the productivity of its beef and dairy herds. Although U.S. exports in 1986 were not a match for 1985, Mexico remained the biggest market for U.S. exports of breeding animals.

Current Herd Heavy in Beef

Mexico's cattle population was estimated at 33.7 million head on Jan. 1, 1986, which included only 1.9 million dairy cows. The Mexican government is particularly interested in increasing milk production in order to meet the needs of low-income consumers.

Dairy cattle are concentrated primarily in central Mexico, with the highest quality, registered dairy cattle in the state of Queretero.

Most beef cattle are grass-fed, although there is a small number of feedlots in the northwest. The Mexican states that border the United States—especially Chihuahua, Coahuila and Nuevo Leon—and the Gulf states of Tabasco and Veracruz hold the largest number of beef cattle.

Big Buyer Under Buyout Program

Mexico ranks as the leading buyer of U.S. dairy cattle under the dairy herd termination program—taking 18,240 head or nearly two-thirds of the 32,000 U.S. cattle reported for export during the first program period, April-August 1986. In the second period from September through October 1986, 4,788 head were reported for export to Mexico.

All in all, however, Mexico's imports of U.S. breeding cattle in 1986 are not expected to match the record high of 1985, primarily because of the absence of government-subsidized interest rates for dairy imports.

In 1985 the Mexican government had initiated a special program which subsidized interest rates to Mexican dairy cattle importers at 44 percent of the market rate. However, the Mexican government eliminated this program in mid-1985 because of the country's worsening economic situation (declining petroleum export revenues and growing budget deficit).

Through August 1986, U.S. breeding cattle exports to Mexico totaled $30.5 million, with beef cattle comprising two-thirds of the sales by value. However, dairy dattle comprised the majority of head exported—14,308 head versus 11,239 for beef cattle exports.

Prospects for 1987

As long as Mexico continues to export feeder cattle to the United States and adequate import payment arrangements are available, U.S. beef cattle export prospects will remain favorable.

The long-established relationships between U.S. and Mexican cattle producers have promoted an understanding of the quality of U.S. cattle breeds. Angus and Hereford comprise the majority of U.S. beef cattle exports, but Brahman, Beefmaster, Brangus and other crossbreeds are growing in importance.

Mexican import demand for dairy cattle also is expected to remain strong in 1987. However, Mexico's high domestic interest rates will be a factor constraining cattle imports. Holsteins comprise the vast majority of dairy cattle imports, but Brown Swiss and Jerseys are being imported, especially for southern tropical regions.

Although the government of Mexico is no longer providing dairymen with reduced loan rates, attractive U.S. dairy cattle prices, the chance to acquire top-quality U.S. animals under the dairy herd termination program and the availability of intermediate-term credit guarantees under USDA's GSM-103 program should continue to benefit U.S. sales in 1987.

USDA has already authorized $5 million in GSM-102 credit guarantees and $50 million in GSM-103 credit guarantees for Mexico to use when buying U.S. breeding animals during fiscal year 1987. Under the GSM-102 program, the time period for the payback of the loan is up to three years, while under GSM-103 the payback period is up to seven years.

Both programs now include guarantee coverage for freight for livestock.

Attractive U.S. prices under the dairy termination program also are strengthening the U.S. market position relative to Canada, the major U.S. competitor. In 1984, Canada supplied 5,500 head of registered cattle to Mexico (almost entirely dairy animals), representing 15 percent of all Mexican registered cattle imports.

Getting a Hoof in the Door

Livestock may be imported into Mexico either by private buyers or government agencies, although private buyers purchase most cattle. Well-established private importers often travel to the United States to select and purchase livestock directly. These buyers normally have developed an on-going relationship with one or more U.S. breeders.

U.S. cattle exporters who have not exported before to Mexico can contact the office of U.S. Agricultural Counselor in Mexico City to obtain a list of Mexican private buyers, government agencies and breed associations involved in importing.

Imports of all dairy cattle into Mexico, and bovine cattle with pedigree or registration, are exempt of tariffs. Bovine cattle imports without pedigree must pay a 45-percent tariff and a 2.5-percent tax above the basic tariff rate.

Bovine animals imported into Mexico do not need an import permit, but they must have an official health certificate from the country of origin stating that the animals come from an area free of brucellosis and tuberculosis, among other diseases. A complete list of health regulations can be obtained from the Office of the Agricultural Counselor, Mexico City, or USDA's Animal and Plant Health Inspection Service.

Shows Provide a Good Introduction

Mexican livestock shows provide U.S. exporters with an excellent opportunity to make contacts with Mexican cattle producers.

Mexican livestock shows take place all over the country throughout the year. Many are part of a town fair which includes bullfights, a rodeo, horse races, cockfights and other attractions. However, there are also regional fairs, where three or four surrounding states send livestock to the show, which can hold between 50 to 600 head of cattle.

Cattle producers who want to attend the show must make their space reservations at least one month ahead of time. Payment is necessary for bedding, feedstuffs, water and related services, such as veterinarians. Most cattle producers bring their own ranchhands in order to ensure that animals will be properly attended. Local help and nightwatch can also be hired.

The Really Big Shows

The office of the U.S. Agricultural Counselor in Mexico City traditionally participates in the regional shows held in Queretero and Chihuahau.

The Queretero Livestock Show is held in mid-December and is the largest dairy cattle show in Mexico. The office of the U.S. Agricultural Counselor plans to hold an exhibition with a U.S. section comprising the U.S. Holstein Association and a number of regional and state agricultural trade associations. The office has traditionally hosted a reception during the show for Mexican and U.S. cattle producers, officials in the Mexican government and breed representatives.

The show in Chihuahua is held in mid- to late October and is the second largest livestock show in Mexico. It includes European breeds. Beef breeding stock are the main focus of the show, but dairy cattle are increasing in importance. The office of the U.S. Agricultural Counselor in Mexico has sponsored a booth at this show for the past two years.

A list of Mexican livestock shows can be obtained from the office of the U.S. Agricultural Counselor in Mexico. ■

The author is with the Dairy, Livestock and Poultry Division, FAS, and was agricultural attache to Mexico during 1984-86. Tel. (202) 475-4472.

Mexico Is Top Market for U.S. Breeding Cattle

	1984	1985	1986[1]	1984	1985	1986[1]
	—1,000 Head—			—$ Million—		
Beef, breeding bulls	4.7	12.1	4.0	3.8	13.4	7.0
Beef, breeding females	5.5	25.1	7.9	4.3	28.6	13.1
Dairy, breeding bulls	1.3	4.7	0.9	1.3	5.1	2.4
Dairy, breeding females	8.1	25.5	16.5	7.8	25.0	10.1
Total, breeding cattle[2]	19.6	67.4	29.2	17.3	72.2	32.6

[1] January-September.
[2] Totals may not add due to rounding.

Processed, High-Value Items Targeted for TEA Programs

Several new Targeted Export Assistance (TEA) programs recently announced will help U.S. exporters, particularly those involved in exporting processed and high-value foods.

The TEA program, authorized by the Food Security Act of 1985, uses surplus stocks from the Commodity Credit Corporation to reimburse agricultural organizations for all or part of authorized export promotion programs they undertake. (See October 1986 issue of *Foreign Agriculture*.)

Processed Foods Targeted for TEAs

Some 80 percent of the $110 million of TEA allocations in fiscal 1986 were to support high-value and processed exports. While many earlier announced TEA programs have been for specific commodities (apples, citrus, prunes and feed grains, for example), several of the new TEAs will be used to expand exports of U.S. processed foods in general.

For example, one TEA program will use $1.4 million to expand exports of U.S. processed food products to Japan, Korea, Singapore and Malaysia. The purpose of this TEA is to offset the adverse impact of import restrictions, such as quotas and licensing, used by these countries, as well as subsidies used by the European Community (EC).

The funds in this TEA program will be used for a variety of activities, including advertising, point-of-sale materials and restaurant promotions. Promotional activities will be carried out by the Western U.S. Agricultural Trade Association (WUSATA), a regional organization that works with 12 Western state departments of agriculture and industry participants on export market development projects.

Another TEA program will target $300,000 for expansion of exports of processed food products to West Germany. Funds will be used for an extensive in-store promotion campaign in the Kaufhof chain of food stores. This chain was selected because of its experience in conducting these kinds of campaigns with other countries.

The program in West Germany aims to offset the adverse impact of import restrictions, such as the subsidies and levies used by the EC.

Promotion activities will be carried out through a cooperative agreement with the Eastern U.S.A. and Food Export Council (EUSAFEC), which represents 10 northeastern states.

Added to this, another $3.2-million TEA was announced in October that will counter the effects of EC subsidies on high-value and processed foods through stepping up promotional activities for U.S. food products that are new to a particular market. This TEA is not country- or region-oriented, however, and applies to all countries.

Activities such as media and direct mail advertising, market research, trade fair participation, point-of-sale promotion and sampling will be carried out by four regional foreign market promotion groups of state departments of agriculture.

Gearing up for NASDA Food Show

Yet another processed food TEA announced will target $500,000 to expand exports through market development activities, including targeted advertising and sales aids, in support of the 1987 National Food and Agriculture Exposition in Seattle, Wash., this spring.

Countries targeted for export expansion include some Pacific Rim, West European, Middle Eastern and Caribbean nations where U.S. exporters have to compete against foreign subsidies or other unfair trade practices.

Wine Exports To Get Boost

USDA also has announced a $2.5-million program to expand exports of U.S. wines in Pacific Rim and West European markets. Funds will be used for trade and consumer promotions to increase demand for U.S. wine, particularly in Japan, Hong Kong, Singapore, the United Kingdom, Denmark and Taiwan.

U.S. wine exports in 1985/86 were valued at $30 million, up 10 percent from a year earlier. Canada was the leading export market, followed by Japan and the United Kingdom. Exports of table wines to Japan during this period increased by 70 percent to $4.5 million.

Promotional activities under this TEA will be carried out by the Wine Institute under an agreement with the Foreign Agricultural Service.

U.S. pasta product exports will also be getting a boost from a $2.1-million TEA to be used primarily toward promoting U.S. pasta brands in the Caribbean. Although this region already is an established U.S. market, the U.S. industry believes brand-name promotions would be effective there.

The TEA program will also support several research studies on generic brand-name promotional campaigns for pasta products in the Pacific Rim and the Middle East, as well as on the effectiveness of promotional campaigns in countering the price advantage of Italian pasta.

USDA Targets Assistance for Red Meat

A $7-million TEA program will be used to expand exports of U.S.-produced red meat to Japan and Hong Kong. Funds will be used to finance media campaigns aimed at increasing consumer demand.

Past experience has shown that when Japanese consumers are made aware of the high quality and value of U.S. meat through promotions, U.S. packers are able to increase their sales.

While the United States produces nearly one-fifth of the world's beef, pork and lamb, it accounts for less than 3 percent of total world meat exports.

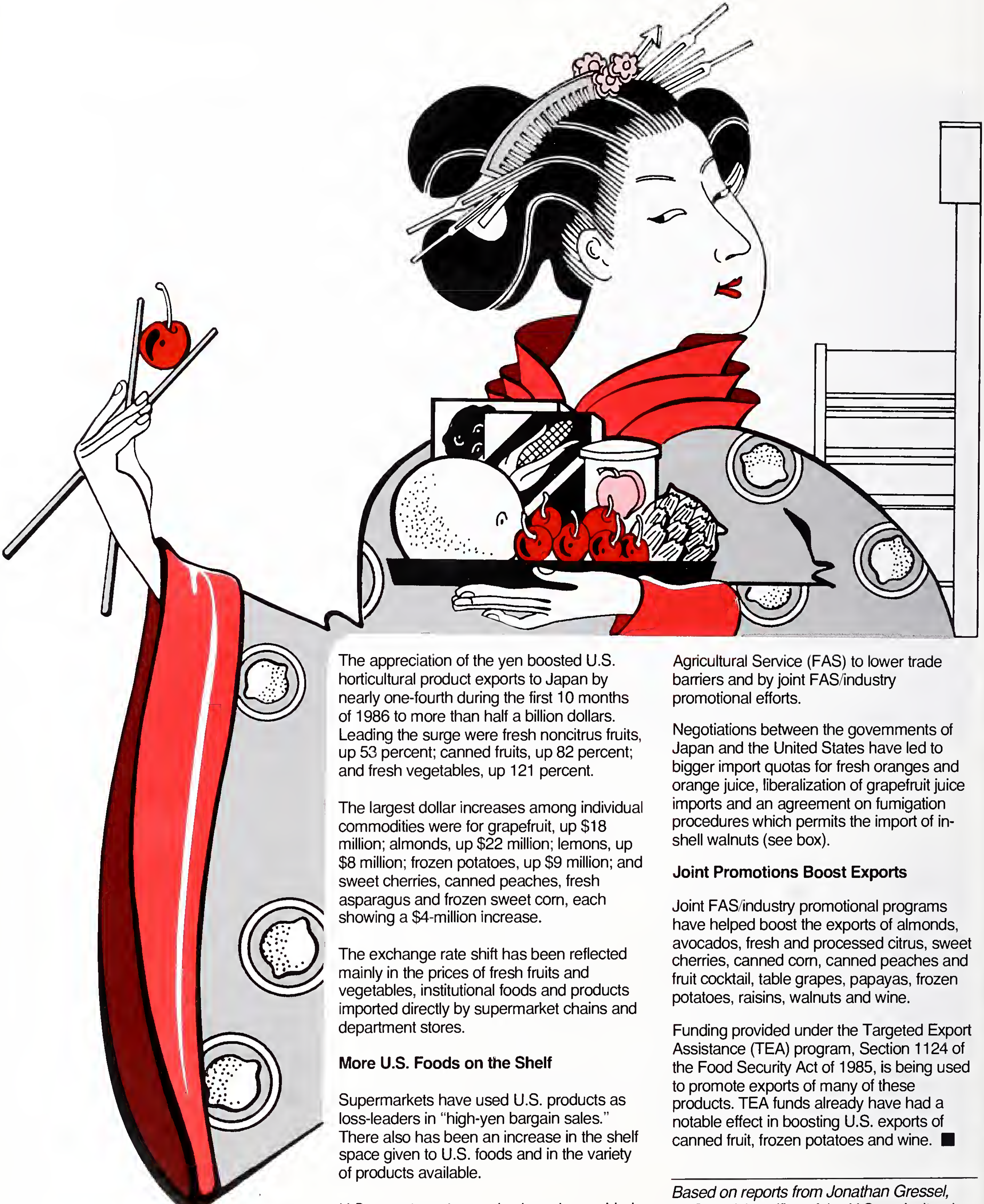
Nut Promotions Also Targeted

Two TEA programs will focus on expansion of peanut and pistachio exports. Some $4.5-million will be used to push U.S. edible peanut exports to Western Europe, which accounts for nearly two-thirds of sales.

Through brand promotions, technical assistance and generic promotions to increase consumer awareness, the United States hopes to offset the adverse effects of restrictive practices that hinder the U.S. ability to develop other peanut markets, such as Japan.

A $200,000-TEA for U.S. pistachio promotions in Japan, Hong Kong, Malaysia, Singapore and Taiwan, on the other hand, will help offset the adverse effects on U.S. pistachio exports of Iran's output and export subsidies. The TEA program will emphasize the superior quality and appearance of U.S. pistachios. The targeted markets show excellent potential for growth. ■

Horticultural Sales to Japan Rise as Dollar Falls



The appreciation of the yen boosted U.S. horticultural product exports to Japan by nearly one-fourth during the first 10 months of 1986 to more than half a billion dollars. Leading the surge were fresh noncitrus fruits, up 53 percent; canned fruits, up 82 percent; and fresh vegetables, up 121 percent.

The largest dollar increases among individual commodities were for grapefruit, up $18 million; almonds, up $22 million; lemons, up $8 million; frozen potatoes, up $9 million; and sweet cherries, canned peaches, fresh asparagus and frozen sweet corn, each showing a $4-million increase.

The exchange rate shift has been reflected mainly in the prices of fresh fruits and vegetables, institutional foods and products imported directly by supermarket chains and department stores.

More U.S. Foods on the Shelf

Supermarkets have used U.S. products as loss-leaders in "high-yen bargain sales." There also has been an increase in the shelf space given to U.S. foods and in the variety of products available.

U.S. exports to Japan also have been aided by successful efforts by the Foreign Agricultural Service (FAS) to lower trade barriers and by joint FAS/industry promotional efforts.

Negotiations between the governments of Japan and the United States have led to bigger import quotas for fresh oranges and orange juice, liberalization of grapefruit juice imports and an agreement on fumigation procedures which permits the import of in-shell walnuts (see box).

Joint Promotions Boost Exports

Joint FAS/industry promotional programs have helped boost the exports of almonds, avocados, fresh and processed citrus, sweet cherries, canned corn, canned peaches and fruit cocktail, table grapes, papayas, frozen potatoes, raisins, walnuts and wine.

Funding provided under the Targeted Export Assistance (TEA) program, Section 1124 of the Food Security Act of 1985, is being used to promote exports of many of these products. TEA funds already have had a notable effect in boosting U.S. exports of canned fruit, frozen potatoes and wine. ■

Based on reports from Jonathan Gressel, FAS, and the office of the U.S. agricultural counselor, Tokyo.

U.S. In-Shell Walnuts Get Nod From Japan

U.S. walnuts still in the shell can be sold to Japan now that USDA scientists have found a way to keep the nuts free of codling moths.

Japan does not have codling moths and has been quarantining walnuts and certain other products that might bring the pest into the country from the United States and other foreign countries. The codling moth damages apples, pears, and some other fruits as well as walnuts.

To kill codling moths present in walnuts, scientists use safe yet higher-than-normal doses of the regular walnut fumigant methyl bromide in a vacuum chamber.

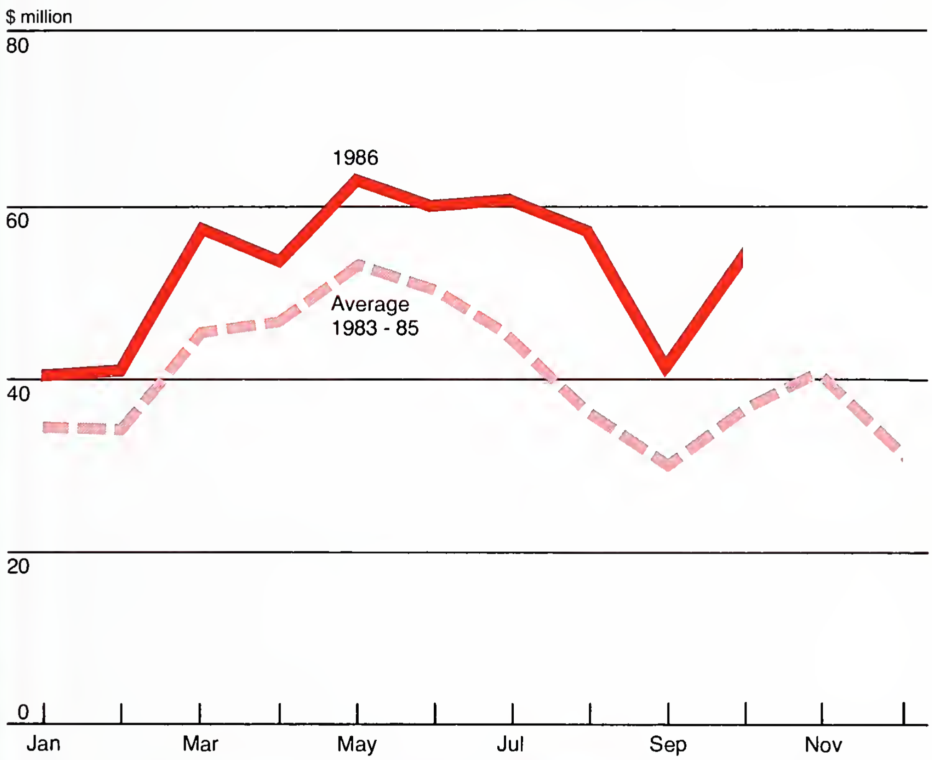
Because of the effectiveness of vacuum fumigation tests, Japan recently lifted an import ban against unshelled walnuts from the U.S. orchards. That will give walnut exporters a new market and may give them an incentive to invest in costly vacuum equipment.

To control insects, methyl bromide is routinely applied to shelled and unshelled walnuts with less expensive equipment at normal (atmospheric) pressure. The fumigant is usually applied in lower doses than in the vacuum method.

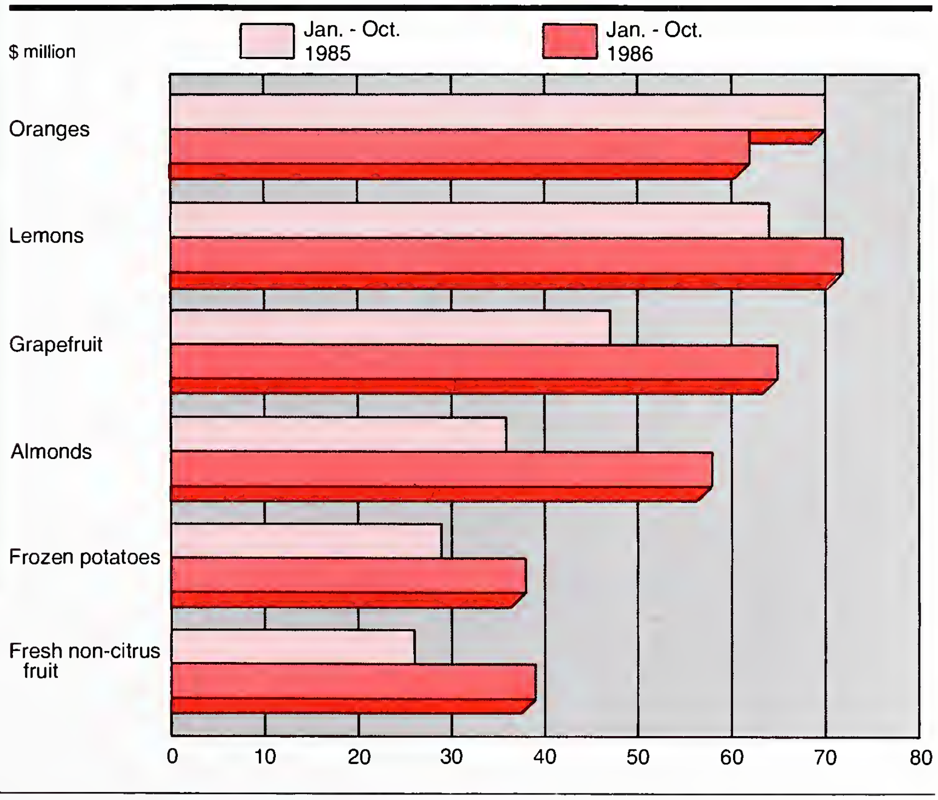
Scientists found that higher doses are needed to kill the occasional codling moth larva that is living inside a walnut at harvest time. At this “overwintering” stage of its life, it is twice as resistant to fumigants. The new dosage overpowers the moth’s increased tolerance, and the vacuum helps the fumigant penetrate the shell.

Unshelled walnuts have a longer shelf life than shelled nutmeats and would probably be promoted as a consumer product in Japan. Shelled nutmeats, in contrast, are sold primarily to industrial customers, such as bakeries.

U.S. Horticultural Sales to Japan Respond Strongly to Falling Dollar



Lemons and Oranges Top List of U.S. Horticultural Exports to Japan



Country Briefs

France

Number of Food Shops Declining

A recent market study indicates that by 1995 almost 25 percent of France's food shops will disappear. In 1970, France had 137,000 general food stores, but by 1985 this number fell to 76,000. Within the next 10 years, it is expected that there will only be 57,000. These declines are the result of super and hypermarket inroads into the retail distribution system. Presently, 2 percent of food stores account for 56 percent of total food purchases.—*Ernest Koenig, U.S. Agricultural Counselor, Paris.*

United Kingdom

Imported Milk Competition May End Doorstop Deliveries

A major production problem facing the United Kingdom's milk industry is the increasing likelihood of competition from imported fresh milk. If increased competition from imported milk forces retail milk prices down, margins will be so squeezed that daily doorstop deliveries will largely disappear.

Presently, the only fluid milk allowed into the United Kingdom is ultra-high temperature (UHT) milk from other European Community (EC) countries. But, because of consumer resistance to UHT milk, the market has been minimally affected. However, if hygiene standards of other EC countries are shown to be equivalent to U.K. standards, ordinary pasteurized milk will have to be admitted. This would undermine the current pricing policy of the Milk Marketing Board, which gives U.K. dairy product manufacturers a higher profit margin than those available to creameries in other EC countries.

Consumer resistance to imported pasteurized milk may, however, keep sales of imported milk in check. Another factor that could affect milk pricing is the sharply increasing share of the fluid market occupied by semi-skimmed and skimmed milk. This type of imported milk could make a great impact. But lower prices could lessen consumption if the profit margin of daily doorstop deliveries is seriously eroded. Many consumers still prefer to pay a penny or so more per pint to have it delivered daily. Trying to keep abreast of the shift toward skimmed and semi-skimmed milk, milk deliverymen offer a full range of several types for doorstop delivery.—*Office of the U.S. Agricultural Counselor, London.*

Hong Kong

Smokeless Tobacco Expected To Be Banned

The Hong Kong government has begun the legislative process to ban the import, manufacture and sale of smokeless tobacco for health reasons. A draft bill banning the product was introduced in October 1986. If passed, the bill would become law. Until that time, existing companies selling smokeless tobacco will not be affected.

Chewing tobacco in its traditional form has been on sale in Hong Kong for years. The legislation is targeted primarily at modern forms of chewing tobacco, such as leaf or biscuit form, both of which appeal to young people. If the new law is passed, however, all forms of tobacco which are chewed or sucked will be banned. The ban will not include any other types of smoking tobacco such as cigarettes, cigars, pipe tobacco or snuff.—*Michael L. Humphrey, U.S. Agricultural Officer, Hong Kong.*

Jamaica

Demand for Wheat To Remain Strong

Jamaican wheat needs will continue to grow through 1987, due to price reductions on a wide range of wheat-based products, flooding in rural areas which destroyed locally produced crops and flour stocks and increased production of new products such as cake and pancake mixes. In 1988, consumption and imports are projected to increase at more moderate levels as production of local starches rebounds from its current low level. Among the Caribbean countries, Jamaica has one of the highest per capita consumption rates of wheat at 90 kilograms.

The outlook for U.S. wheat sales to Jamaica is excellent, but availability of P.L. 480 and export credit financing will continue to play an important role. Jamaica relies heavily on export credits for their purchases of U.S. wheat and severe shortages of foreign exchange and continued balance of payment problems will further increases its reliance on concessional trade programs.—*Lloyd Harbert, U.S. Agricultural Attache, Santo Domingo.*

Brazil

New Measures Announced To Solve Red Meat Shortage

Last fall, Brazil announced a new package of measures aimed at solving the shortage of red meat in the domestic market. Among the measures, the private trade was allowed to import red meat and fish exempt of import taxes through Dec. 31, 1987. Chicken exports were reduced in order to maintain a strategic reserve of poultry meat to relieve pressures on the domestic market. All exports of fresh beef were suspended, as were most exports of processed beef. In October 1986, the Brazilian government expropriated 2,000 head of cattle in order to pressure cattle producers into sending more cattle to slaughter.

These measures were prompted by an extended drought, previous pricing policies that resulted in producers slaughtering a substantial number of heifer herds which are now being rebuilt, low government prices that reduced or eliminated profits, increased meat demand and massive speculative investments in the cattle sector.

During 1986, Brazil purchased 290,000 tons of beef, of which roughly one-third was from the United States. The balance was from the European Community. An additional 100,000 tons of beef were being negotiated between the Brazilian government and the EC. The private trade also negotiated 110,000 tons or more of additional meat from other sources. Despite this high volume, beef shortages continue throughout most Brazilian cities.—*Daniel A. Martinez, U.S. Agricultural Attache, Brasilia.*

Hong Kong

Hong Kong Is Largest Exporter of Woolen Knitwear

According to local press, Hong Kong recently overtook Italy as the world's largest exporter of woolen knitwear. Hong Kong exported 33.9 million pieces of woolen garments valued at $32 million in 1985, while exports from Italy dropped 19 percent to 32.1 million pieces. The fact that Hong Kong is fast becoming a wool fashion center and has captured major markets and that Italy has shifted from the production of 100-percent woolens to multi-fiber garments has contributed to Hong Kong's new-found status. The largest market for Hong Kong woolen garments is the United States. Europe and Japan are other large customers.

Scoured sheep or lamb's wool is imported into Hong Kong mainly from New Zealand and Australia. Since the territory does not produce any wool, all raw materials must be imported for the manufacture of woolen garments. Lamb's wool is currently not imported from the United States, but mohair tops which may be made from American mohair are imported. As the woolen industry expands, Hong Kong could become a potential market for U.S. animal hair.—*Michael L. Humphrey, U.S. Agricultural Officer, Hong Kong.*

Switzerland

Sugar Ordinance Referendum Signals Policy Change

On Sept. 30, 1986, Swiss voters rejected by a majority of 61.7 percent the revised domestic sugar ordinance. This is the first time in 30 years that an issue supporting domestic agriculture was rejected and could indicate a possible change in Swiss agricultural policy.

Due to pressure from sugar growers and producers, as well as the Swiss Farmers' Union, the Swiss government revised the domestic sugar ordinance well before its expiration date in September 1989. The Parliament approved the revised sugar ordinance in June 1985. Only a few Parliament members voted against the revision, but Migros, Switzerland's largest food distributing chain, collected over 50,000 signatures in order to request a referendum to the new ordinance.

Out of 26 cantons, only five accepted the revised sugar ordinance. Even cantons with large agricultural majorities did not accept the new ordinance signaling that farmers themselves may no longer fully accept current agricultural policy. The vote demonstrates a lack of confidence in the Swiss Parliament and may motivate Swiss voters to request referendums on various upcoming agricultural issues. One that will be of interest is the revision to the Swiss milk ordinance in May 1987.

There is a high level of agricultural protectionism in Switzerland resulting in very high prices in comparison with neighboring countries. With possible future changes in Swiss agricultural policy, less strict import schemes may occur.—*Anthony N. Cruit, U.S. Agricultural Counselor, Bern.*

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